

**AGREEMENT FOR DEVELOPMENT AND TAX
ABATEMENT IN REINVESTMENT ZONE NUMBER THIRTEEN (13) FOR
COMMERCIAL TAX ABATEMENT, CITY OF COLLEGE STATION, TEXAS**

STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

This Agreement entered into by and between the **CITY OF COLLEGE STATION, TEXAS**, a Texas home rule municipal corporation, Brazos County, Texas, acting herein by and through its City Council (hereinafter referred to as "**CITY**"), **UNIVERSAL COMPUTER SERVICES, INC.; DEALER COMPUTER SERVICES, INC.; RENTAL SYSTEMS, INC.; and UNIVERSAL COMPUTER SYSTEMS, INC.**, all of the aforementioned being Delaware Corporations (hereinafter collectively referred to as "**OWNER**") acting herein by and through their respective duly authorized agents;

W I T N E S S E T H:

WHEREAS, the City Council of the City of College Station, Texas, ("COUNCIL") on January 23, 1991, adopted by minute order and re-adopted by Council minute order on October 12, 1995, on October 9, 1997, February 10, 2000, and on October 26, 2000, a policy for the creation of tax abatement zones in the City of College Station. Subsequently, the Council, by ordinance, established Reinvestment Zone Number Thirteen (13) for Commercial Tax Abatement, City of College Station, Texas ("ZONE") as authorized by ARTICLE 1066F, V.T.C.S., as amended, and V.T.C.A., TAX CODE §312.201; and

WHEREAS, in order to provide for the proper development of such property and to aid in the conduct of the operation thereof to the best interest of the CITY in accordance with the above-referenced ordinances and statutes, the parties do mutually agree as follows:

1. The property that is the subject matter of this Agreement is the land area identified by the shaded area on Exhibit "A", attached hereto and incorporated herein for all purposes, and also referred to as Lots 2-A and 2-B, Block 1, of the Business Center at College Station, Phase One, by plat filed in the Official Records of Brazos County, Texas, on April 17, 2001, in Volume 4117, Page 259, which plat is incorporated herein by reference as if expressly set out in full, which tract is hereinafter referred to as "PROPERTY" and together with all fixtures and permanent improvements shall be referred to as the "PREMISES".

2. In consideration of OWNER's construction of approximately EIGHT MILLION FOUR HUNDRED THOUSAND DOLLARS and NO CENTS (\$8,400,000.00) of real and personal property improvements and the creation of jobs as represented and agreed to in an Economic Development Agreement approved on September 27, 2001, by the College Station City Council, and attached hereto as Exhibit "B", CITY agrees, subject to the terms and conditions contained herein and those contained in the aforementioned Economic Development Agreement, that the above-described PREMISES shall be entitled to an exemption from taxation for the increase in value for said PREMISES as provided for in Section 12 of this Agreement for a period of ten (10) years, and that upon the expiration of such time this Tax Abatement Agreement shall terminate. The above-referenced Economic Development Agreement is incorporated by reference as if set out in full and is expressly made a part of this Agreement. OWNER acknowledges and agrees that the purpose of CITY in entering into this Tax Abatement Agreement is to encourage development of the PROPERTY in Reinvestment Zone Number Thirteen (13) and, therefore, OWNER agrees to limit the use of the PREMISES and PROPERTY to further said purpose.

3. OWNER agrees that the site plan, interior and exterior design drawings, specifications and materials ("PLANS") for each improvement will be submitted to CITY, and/or its designated representative, for its approval, which PLANS are incorporated herein for all purposes. An official set of PLANS will be designated by the OWNER and kept on file with the CITY.

4. OWNER agrees to construct all improvements in accordance with all applicable laws, ordinances, codes, rules, requirements or regulations of the City of College Station, Brazos County, the State of Texas, and the United States, and any subdivision, agency or authority thereof in effect at the time of development.

5. In the event PREMISES are damaged by fire or any other casualty, if OWNER shall pursue diligent repair of such damages in order to complete the repair, remodel or renovation of PREMISES in accordance with the PLANS or revised PLANS, then the exemption from taxation as provided for in this Agreement shall only cease during the time that the PREMISES are being repaired, remodeled, or renovated; and when PREMISES are restored to their prior condition, the exemption from taxation shall commence for the full term of the exemption. Should OWNER decide not to repair, remodel, or renovate the damaged PREMISES, then the exemption from taxation as provided for in this Agreement shall cease, the PREMISES will be taxed at full market value, and OWNER, shall repay to CITY the amount of the tax previously abated in prior years.

6. **CITY, by approving the PLANS or any revised PLANS, assumes no liability or responsibility therefor for any defect in any structure constructed, renovated, or repaired from the PLANS or approved revised PLANS. The relationship between CITY and OWNER at all times shall not be deemed a partnership or joint venture for purposes of this Agreement.**

OWNER agrees to and shall indemnify and hold harmless and defend CITY, its officers, agents, and employees, from and against any and all claims, losses, damages, causes of action, suits, and liability of every kind, including all reasonable expenses of litigation, court costs, and reasonable attorney's fees, for injury to or death of any person, for damage to any property, for any breach of contract, or its failure to abide by all applicable environmental laws, rules and regulations arising out of or in connection with OWNER's operation and construction of its Business Facility. Furthermore, the indemnity provided for in this paragraph shall have no application to any claim, loss, damage, cause

of action, suit, and liability where the injury, death, or damage results from the negligence of the CITY, and the CITY's percentage of fault is deemed to be equal to or greater than fifty percent (50%) of the fault.

7. At all reasonable times during the construction of PREMISES, and following its completion, CITY and its respective designees may inspect PREMISES in order to ensure that all construction, workmanship, materials and installations involved in or incident to the project are performed in substantial compliance with the approved PLANS therefor and that the PREMISES comply with all of the conditions and the applicable building permits and governmental regulations.

8. OWNER agrees to pay all ad valorem taxes and assessments that may be owed to CITY or any other taxing entity by it prior to such taxes and/or assessments becoming delinquent; provided, that OWNER shall have the right to contest in good faith the validity or application of any such tax or assessment and shall not be considered in default hereunder so long as such contest is diligently pursued to completion. In the event OWNER does contest any such tax or assessment, it shall, nevertheless, promptly pay to CITY or any other taxing entity, prior to its becoming delinquent, taxes and assessments. If OWNER undertakes any such contest, it shall so notify CITY and keep CITY apprised of the status of such contest. Should OWNER be unsuccessful in such contest, OWNER shall promptly pay the taxes, penalties, and/or interest, resulting therefrom. This Agreement shall not take effect until such time as OWNER has paid all such taxes.

9. OWNER represents and agrees to the following employment and payroll projections in addition to employment and payroll projections agreed to in the Economic Development Agreement between CITY and OWNER executed October 23, 1997:

<u>End of year</u>	<u>Full Time</u>	<u>Payroll</u>	<u>Part Time</u>	<u>Payroll</u>	<u>Gross Payroll</u>
2002	100	\$2,200,000	20	\$145,600	\$2,345,600
2003	200	\$5,200,000	50	\$390,000	\$5,590,000
2004	300	\$8,400,000	100	\$832,000	\$9,232,000

2005 thru 2010 same as 2004.

The above payroll numbers are annualized, based on the last payroll date in the month of December each year. The "last payroll date in the month of December" shall mean, for purposes of this paragraph, the last payroll distribution in the month of December. For example, if the regular payroll is distributed to the employees on a weekly basis, every Wednesday, the last payroll distribution for 2002 will be on Wednesday, December 25, 2002, for 2003, Wednesday, December 31, 2003, etc.

Full-time Employees shall mean any employee (excluding temporary or seasonal employees) on the payroll in a budgeted position and having an officially scheduled workweek of 40 hours or more.

Part-time Employees shall mean any employee (excluding temporary or seasonal employees) on the payroll in a budgeted position and having an officially scheduled work week of less than 40 hours.

10. Submission of Reports and/or inspection and auditing

The parties herein agree that the CITY shall have the right annually to an on-site inspection of the PREMISES to verify that OWNER is in substantial compliance with the terms of this Agreement and any other Agreement executed by the parties herein. CITY agrees to provide reasonable notice beforehand of any such request for inspection. Additionally, OWNER shall submit to the CITY and/or the Bryan-College Station Economic Development Corporation, on an annual basis, the information or reports necessary for the monitoring of the performance criterion established in this Agreement. The submission shall be certified by a Certified Public Accountant or in-house accountant and the President or designee of the OWNER, at OWNER's expense.

11. Default

11.1. Capital Investment Default

As of December 31, 2002, if OWNER has failed to meet the capital investment projections as stated in Section 3.2 of Exhibit "B", the CITY may, at CITY's sole option, require OWNER to repay all the taxes abated herein to date on a prorated basis. The proration formula shall be a percentage based on the actual capital investment amount relative to the Capital Investment Projection times the amount of Tax Abatement received to date.

For example:

Capital Investment Projection Amount:	\$8,400,000
Actual Capital Investment Amount Expended	\$7,000,000
$\$8,400,000 - \$7,000,000 = \$1,400,000$	
$\$1,400,000 \text{ divided by } \$8,400,000 = .166$	
$.166 \times 100 = 16.6\%$	
16.6% x total taxes abated to date = amount of repayment	

Additionally, if, as of December 31, 2002, OWNER has failed to construct the Business Facility, CITY may, at CITY's sole option, terminate this Agreement.

11.2. Gross Payroll Default

If at the end of any calendar year during the term of this Agreement, OWNER fails to meet the total Gross Payroll set forth in Section 3.3 of Exhibit "B", OWNER shall be in default. CITY shall notify OWNER in writing of its default, and OWNER shall have thirty (30) days after receipt of such written notice, to cure any default. If OWNER fails to cure its default, the CITY may, at CITY's sole option require OWNER to repay the current year's Tax Abatement on a prorated basis. The proration formula for this Section shall be the percentage premised upon the actual Gross Payroll relative to the Target Gross Payroll times the amount of Tax Abatement received during the current year.

For Example:

Gross Payroll Target: \$9,232,000

Actual Gross Payroll: \$9,000,000

$\$9,232,000 - \$9,000,000 = \$232,000$

$\$232,000 \text{ divided by } \$9,232,000 = 0.0251 \times 100 = 2.51\%$

$2.51\% \times \text{total Taxes Abated for current year} = \text{amount of repayment}$

11.3. Cessation of Operations

In the event that OWNER ceases operating at the Business Facility within ten (10) years from the Execution Date of this Agreement, OWNER shall be in default. CITY agrees to provide OWNER written notice of its default. If said default is not cured within thirty (30) working days from the date written notice is received from CITY regarding its default, the CITY may, at CITY's sole option, terminate Tax Abatement to OWNER after the date of this default.

11.4. Payment of Taxes After Default

Should the OWNER be required to pay the CITY the taxes that would have been paid to CITY had the taxes not been abated under the terms of this Agreement, it shall pay such recaptured taxes plus interest at the rate provided for delinquent taxes in accordance with V.T.C.A., TAX CODE, SECTION 33.01. Such payment of taxes and interest shall be due within thirty (30) days of CITY's termination of this Agreement and notification to OWNER of the termination of this Agreement and of the amount of taxes and interest due. The taxes and interest are delinquent and incur penalties as provided by law for ad valorem taxes imposed by CITY if not paid before February 1 of the year following the date on which the termination of this Agreement occurs.

If OWNER believes that such recapture is improper, OWNER may file suit in the Brazos County district courts appealing such termination within sixty (60) days after the written notice of the termination by the CITY. If an appeal suit is filed, OWNER shall remit to the CITY, within such sixty (60) days after the notice of termination, any additional and/or

recaptured taxes as may be payable during the pendency of the litigation pursuant to the payment provisions of SECTION 42.08, TEXAS TAX CODE. If the final determination of the appeal increases OWNER's tax liability above the amount of tax paid, OWNER shall remit the additional tax to the CITY pursuant to SECTION 42.42, TEXAS TAX CODE. If the final determination of the appeal decreases OWNER's tax liability, the CITY shall refund the OWNER the difference between the amount of tax paid and the amount of tax for which OWNER is liable pursuant to SECTION 42.43, TEXAS TAX CODE. CITY's exercise of any recapture of abatement or portion thereof as provided in this Agreement or the Economic Development Agreement attached as Exhibit "B" shall not constitute a default by CITY.

12. OWNER shall certify in writing to CITY that all construction of the improvements to the PREMISES have been completed in accordance with the approved plans. After receipt of this certification, CITY shall make a final inspection of PREMISES to verify whether PREMISES have been constructed in compliance with this Agreement; and that upon so finding, CITY shall issue a Certificate of Compliance.

The tax exemption provided for by this Agreement shall exempt the value of the land, buildings and the other permanent improvements. Taxes on personalty shall also be abated but only on those items of personalty described on a schedule of property to be furnished to the City no later than December 31, annually, and approved as eligible for abatement pursuant to the TEXAS TAX CODE. This tax abatement shall apply to the value of the PREMISES and personalty over and above the certified value of the PROPERTY for the 2001 tax year. Such abatement shall be effective for the following years and in the following percentages under the terms, conditions and limitations provided herein:

YEAR	% OF ABATEMENT
2001	95%
2002	95%
2003	95%
2004	95%
2005	95%
2006	95%
2007	95%

2008	85%
2009	85%
2010	85%

The Chief Appraiser of the Brazos County Appraisal District shall annually determine (i) the taxable value of the real and personal property comprising the PREMISES taking into consideration the abatement provided by this Agreement, and (ii) the full taxable value without abatement of the real and personal property comprising the PREMISES. The Chief Appraiser shall record both the abated taxable value and the full taxable value in the records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year the OWNER shall furnish the Chief Appraiser with such information outlined in CHAPTER 22, TEXAS TAX CODE, as amended, as may be necessary for the administration of this Agreement. This tax abatement shall apply to the value of the PREMISES over and above the certified value as determined by the Brazos County Appraisal District for the 2001 tax year (herein the Base Year) in the amount of FIVE HUNDRED FORTY-FOUR THOUSAND NINE HUNDRED SEVENTY and NO/100 DOLLARS (\$544,970.00)

13. Miscellaneous.

a. Attorney's Fees. If on account of any breach or default by OWNER of its obligations under the terms, conditions, or covenants of this Agreement, it shall be necessary for CITY to employ an attorney or attorneys to enforce or defend any of the rights or remedies hereunder; and should CITY prevail, CITY shall be entitled to any reasonable attorney's fees, costs, or expenses incurred by it in connection therewith.

b. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective while this Agreement is in effect, such provision shall be automatically deleted from this Agreement and the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby; and in lieu of such deleted provision, there shall be added automatically as part of this

Agreement a provision that is similar in terms and substance to such deleted provision as may be possible and yet be legal, valid and enforceable.

c. Texas Law To Apply. This Agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties created hereunder are performable in Brazos County, Texas. In the event of litigation, jurisdiction shall lie in Brazos County, Texas.

d. Prior Agreements Superseded. This Agreement constitutes the sole and only Agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

e. Amendments. No amendment, modification or alteration of the terms hereof shall be binding unless the same shall be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

f. Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by either party shall not preclude or waive its rights to use any or all of their remedies. Said rights and remedies are given in addition to any other rights the parties may have according to law, statute, ordinance or otherwise.

g. No Waiver. No waiver by CITY in any event of default, or breach of any covenant, condition or stipulation herein contained shall be treated as a waiver of any subsequent default or breach of the same or any other covenant, condition or stipulation hereof.

h. Assignment. This Agreement may not be assigned by any OWNER either collectively or individually without the prior written consent of the CITY. Additionally, a change in ownership in a single transaction, of fifty-one percent (51%) of the stock of any one OWNER, or the transfer of ownership of any one OWNER, shall be considered an assignment for purposes of this paragraph. An assignment as prohibited above shall cause this agreement to terminate immediately and the exemption from taxation as provided for herein shall cease. Such assignment


shall, however, not be considered a violation of this Agreement as to require the recapture of any taxes previously abated herein.

i. Authority to Act. The parties to this Agreement shall provide proof of authorization to execute this document.

j. Conflict. If the terms of this Agreement and the Economic Development Agreement attached as Exhibit "B" conflict, this Agreement shall take precedence and govern.

The parties hereto have executed or caused to be executed by their duly authorized officials, this Agreement in multiple counterparts, each of equal dignity, on this 27th day of September 2001.

UNIVERSAL COMPUTER SYSTEMS, INC.

BY: 
Carlan M. Cooper, Vice President

CITY OF COLLEGE STATION, TEXAS

BY: _____
Lynn McIlhaney, Mayor


UNIVERSAL COMPUTER SERVICES, INC.

BY: 
Carlan M. Cooper, Vice President

ATTEST:

BY: _____
Connie Hooks, City Secretary


DEALER COMPUTER SERVICES, INC.

BY: 
Carlan M. Cooper, Vice President

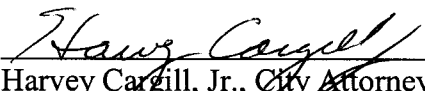
APPROVED:

BY: _____
Thomas E. Brymer, City Manager

RENTAL SYSTEMS, INC.

BY: 
Carlan M. Cooper, Vice President

Charles Cryan, Interim Director of Finance


Harvey Cargill, Jr., City Attorney

STATE OF TEXAS

COUNTY OF BRAZOS

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ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared **Lynn McIlhaney**, as **Mayor** of the **City of College Station**, a Texas home-rule municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the _____ day of _____, 2001.

Notary Public in and for
the State of Texas

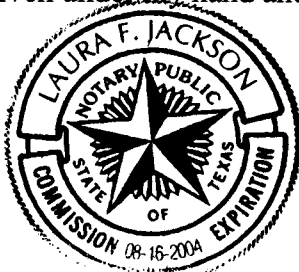
THE STATE OF TEXAS)

COUNTY OF HARRIS)

ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared **CARLAN M. COOPER** as Vice President of **UNIVERSAL COMPUTER SERVICES, INC.**, DEALER **COMPUTER SERVICES, INC.**, a Delaware corporation, **RENTAL SYSTEMS, INC.**, a Delaware Corporation, and **UNIVERSAL COMPUTER SYSTEMS, INC.**, a Delaware Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the 14 day of September, 2001.



Laura F. Jackson
Notary Public in and for the
State of Texas

FIELD NOTES
Lots 2-A and 2-B, Block 1
THE BUSINESS CENTER AT COLLEGE STATION
16.681 ACRES

Being all that certain tract or parcel of land lying and being situated in the S.W. ROBERTSON SURVEY, Abstract No. 202, College Station, Brazos County, Texas and being all of the 6.498 acre tract called Lot 2-A and all of the 10.183 acre tract called Lot 2-B, Block 1 according to the replat of THE BUSINESS CENTER AT COLLEGE STATION, PHASE ONE recorded in Volume 4117, Page 259 of the Official Records of Brazos County, (O.R.B.C.) and being more particularly described by metes and bounds as follows:

BEGINNING: at a found 1/2-inch iron rod marking the most southern common corner of Lot 1, Block 1, according to the Replat of THE BUSINESS CENTER AT COLLEGE STATION, PHASE ONE recorded in Volume 2970, Page 149 (O.R.B.C.) and Lot 2-A, Block 1 of said Replat of THE BUSINESS CENTER AT COLLEGE STATION, PHASE ONE (4117/259), said iron rod also being in the north right-of-way line of Quality Circle (based on a 70-foot width);

THENCE: N 48° 46' 56" W along the common line of said lots for a distance of 269.87 feet, said iron rod also being in the southeast line of Tract A, PEBBLE CREEK, PHASE 5A as recorded in Volume 2193, Page 303 (O.R.B.C.);

THENCE: N 41° 13' 04" E for a distance of 538.17 feet and
N 48° 00' 31" E for a distance of 232.14 feet along the common line of said Lot 2-A and the southeast line of said PEBBLE CREEK, PHASE 5A to a found 1/2-inch iron rod for corner, said iron rod also being in the southwest line of Lot 19, Block 25 of PEBBLE CREEK, PHASE 5D as recorded in Volume 2541, Page 239;

THENCE: S 47° 10' 45" E for a distance of 20.50 feet to a found 1/2-inch iron rod marking the south corner of said Lot 19;

THENCE: N 44° 02' 25" E along the southeast line of Lots 19 and 20, Block 25 PEBBLE CREEK, PHASE 5D for a distance of 182.65 feet to a found 1/2-inch iron rod marking the north corner of said Lot 2-B and the northwest corner of PEBBLE CREEK, PHASE 6 as recorded in Volume 2867, Page 7 (O.R.B.C.);

THENCE: S 43° 57' 04" E for a distance of 1576.71 feet along the southwest line of said Phase 6 to a found 1/2-inch iron rod marking the east corner of said Lot 2-B;

THENCE: S 39° 42' 30" W for a distance of 305.61 feet to a chiseled "x" set in a concrete sidewalk for the most southerly corner of said Lot 2-B and being in the beforementioned right-of-way line of Quality Circle;

THENCE: 28.76 feet in a counter-clockwise direction along the arc of a curve in said Quality Circle line, said curve having a central angle of 14° 58' 58", a radius of 110.00 feet, a tangent of 14.46 feet and a long chord bearing N 36° 27' 35" W at a distance of 28.68 feet to a found 1/2-inch iron rod for the Point of Tangency;

THENCE: N 43° 57' 04" W continuing along the north line of Quality Circle for a distance of 760.84 feet to a found 1/2-inch iron rod for the Point of Curvature of a curve to the left;

THENCE: 885.49 feet along the arc of said curve having a central angle of 94° 49' 52", a radius of 535.00 feet, a tangent of 582.13 feet and a long chord bearing S 88° 38' 00" W at a distance of 787.82 feet to a found 1/2-inch iron rod for the Point of Tangency;

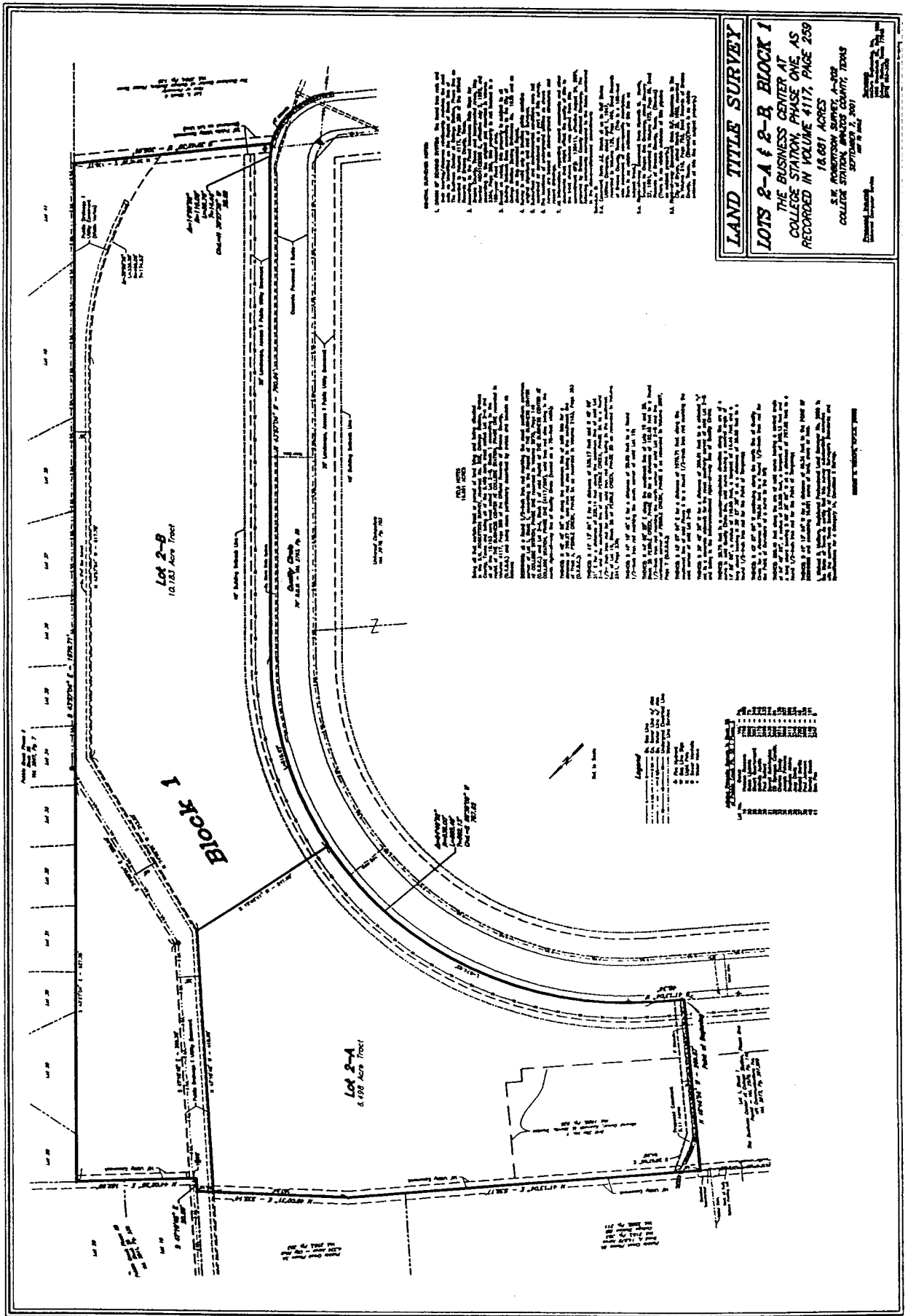
THENCE: S 41° 13' 04" W for a distance of 49.34 feet to the POINT OF BEGINNING and containing 16.681 acres of land, more or less.

This description is based on the Land Title Survey and Plat prepared by Michael R. McClure, Registered Professional Land Surveyor No. 2859, State of Texas on September 7, 2001, and substantially complies with the current Texas Society of Professional Surveyors, Standards and Specifications for a Category 1A, Condition II Survey.

Michael R. McClure 9/7/01
Michael R. McClure, R.P.L.S. #2859



EXHIBIT A



LAND TITLE SURVEY
LOTS 2-A & 2-B, BLOCK 1
THE BUSINESS CENTER AT
COLLEGE STATION, PHASE ONE, AS
RECORDED IN VOLUME 4117, PAGE 259
8.498 ACRES
10.183 ACRES
COLLEGE STATION, MARICOPA COUNTY, ARIZONA
JULY 1957
JULY 1958

THE LAND TITLE SURVEY
OF THE BUSINESS CENTER AT
COLLEGE STATION, PHASE ONE, AS
RECORDED IN VOLUME 4117, PAGE 259
8.498 ACRES
10.183 ACRES
COLLEGE STATION, MARICOPA COUNTY, ARIZONA
JULY 1957
JULY 1958

THE LAND TITLE SURVEY
OF THE BUSINESS CENTER AT
COLLEGE STATION, PHASE ONE, AS
RECORDED IN VOLUME 4117, PAGE 259
8.498 ACRES
10.183 ACRES
COLLEGE STATION, MARICOPA COUNTY, ARIZONA
JULY 1957
JULY 1958

Lot	Area (Acres)	Area (Sq. Ft.)
Lot 2-A	8.498	366,111.00
Lot 2-B	10.183	439,881.00
Total	18.681	785,992.00